

1 Claims Act, 31 U.S.C. §§ 3729-33 ("FCA"). This Court has subject
2 matter jurisdiction pursuant to 28 U.S.C. § 1345 and 31 U.S.C.
3 § 3730(a). This Court has personal jurisdiction over Boeing
4 pursuant to 31 U.S.C. § 3732(a) because Boeing is located and
5 transacts business in this District.

6 2. Venue is proper in this District under 31 U.S.C. § 3732
7 and 28 U.S.C. § 1391(b) because Boeing is located and transacts
8 business in this District.

9 II. PARTIES

10 3. Plaintiff is the United States of America, suing on behalf
11 of the United States Air Force.

12 4. Defendant Boeing is a Delaware corporation with
13 headquarters in Chicago, Illinois, and is an aerospace and defense
14 firm with offices and business addresses in this District.

15 5. On or about December 6, 1996, Boeing acquired Rockwell
16 International Inc.'s aerospace and defense units, which became a
17 wholly-owned subsidiary of Boeing called Boeing North American,
18 Inc. ("BNA"). BNA was headquartered in or near Seal Beach,
19 California, and performed some of its operations in Palmdale,
20 California, in part through its North American Aircraft Division.
21 On or about December 31, 1999, BNA was merged into and otherwise
22 became a part of Boeing, and Boeing thereby assumed BNA's
23 outstanding liabilities, including BNA's liability to the United
24 States for the conduct described below.

25 III. FCA VIOLATIONS

26 A. Introduction

27 6. In its proposal for the Towed Decoy System ("TDS") Lots 1-
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1 3 Contract, which was a contract to supply the Air Force with decoy
2 kits for the B-1 bomber, Boeing supplied the Government with cost
3 and pricing data that was false and incomplete in two respects.
4 First, Boeing's proposal included inflated cost estimates for
5 supplying certain sheet metal and other machined parts for the
6 decoy kits. The costs were inflated because they were based on the
7 proposition that Boeing itself would manufacture the parts, but in
8 truth Boeing intended to buy many of the parts, and components of
9 parts, from suppliers, and to offload to subcontractors many of the
10 manufacturing steps required to make the parts, at a substantial
11 cost savings. Second, Boeing's proposal failed to disclose that
12 Boeing already had been offloading to subcontractors many of the
13 manufacturing steps required to make the parts, or nearly identical
14 parts, on other contracts, and as a result had achieved significant
15 cost savings on those contracts.

16 7. If the Air Force had known that Boeing's proposal was
17 false and incomplete in the respects described above, the Air Force
18 would have negotiated a substantially lower price for the contract.
19 Boeing employees warned Boeing that its cost and pricing data was
20 false and incomplete in these respects, but Boeing managers ignored
21 the warnings and refused to make the corrections and additions
22 needed to make the data accurate, complete, and current. As a
23 result, Boeing knowingly submitted invoices to the Air Force for
24 inflated amounts it was not entitled to receive, in violation of
25 the False Claims Act, 31 U.S.C. § 3729 et seq. and the common law.
26 The United States sustained damages of at least \$7.5 million as a
27 consequence of these violations.

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1 **B. CMUP and the TDS Project**

2 8. In the mid 1990s the Air Force decided to modify its B-1
3 bomber force so that the aircraft could carry and deliver
4 conventional munitions instead of nuclear bombs. This program,
5 known as the Conventional Munitions Upgrade Program ("CMUP"),
6 involved numerous projects and dozens of contracts between the Air
7 Force and the prime contractor. Rockwell International, Inc.
8 initially was the prime contractor for the CMUP, and Boeing became
9 the prime contractor when it acquired Rockwell's aerospace and
10 defense units in approximately December 1996.

11 9. One of the CMUP projects called for the production of a
12 system for deploying decoys that could be towed behind B-1
13 aircraft, and was known as the Towed Decoy System (the "TDS
14 Project"). The TDS Project required Boeing to deliver the decoy
15 systems in "kits" that would later be installed on B-1 aircraft,
16 one kit for each converted bomber.

17 10. The TDS Project called for phased production under three
18 different contracts, each of which was a sole source, negotiated
19 contract:

20 a. The first TDS Project contract, contract number
21 F33657-95-C-2008, included three phases. The first phase, known as
22 Engineering and Manufacturing Development, was a secret project
23 (since declassified). The second phase, known as Kit Proof, called
24 for the manufacture and delivery of a single prototype TDS kit.
25 The third phase, known as Low Rate Initial Production ("LRIP"),
26 called for delivery of seven additional TDS kits.

1 b. The second contract, contract number F33657-98-C-
2 2000, known as TDS Production Contract, Lots 1 through 3
3 (hereinafter "TDS Lots 1-3 Contract"), initially required Boeing to
4 supply 53 additional TDS kits. By a modification to the contract,
5 the number of kits called for by the contract was later increased
6 to 57.

7 c. The third contract, contract number F33657-00-C-0047,
8 known as TDS Production Contract Lot 4, required Boeing to supply
9 an additional 13 TDS kits.

10 **C. The TDS Lots 1-3 Contract**

11 11. The TDS Lots 1-3 Contract, entered into May 28, 1998, was
12 a firm fixed price contract offered solely to Boeing. It required
13 Boeing to supply the Air Force with a minimum number of kits (Lot
14 1), and included two options, one for Lot 2, ultimately exercised
15 on November 19, 1998, and one for Lot 3, ultimately exercised on
16 November 30, 1999. As a condition of entering into this contract,
17 because there was no competition to help ensure that the contract
18 prices would be reasonable, the Government required Boeing to
19 disclose to the Air Force's contract negotiators all facts that a
20 prudent buyer and seller would reasonably expect to affect price
21 negotiations, and to certify that the information submitted was
22 complete, accurate and current.

23 12. On February 17, 1998, Boeing submitted to the Air Force
24 its contract proposal for the TDS Lots 1-3 Contract, comprised of a
25 cost proposal and a technical proposal. Boeing's proposal
26 initially set forth a proposed price for all three lots of
27 \$34,562,393. On April 1, 1998, Boeing revised this proposed price
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1 upward to \$35,481,220. On May 27, 1998, Boeing signed a formal
2 contract offer. The United States formally accepted the offer in
3 writing and agreed to the contract price the next day, May 28,
4 1998. The initial agreed contract price was \$32,750,000 for 53 TDS
5 kits, but the price was later increased to \$35,826,378 for 57 TDS
6 kits. The initial negotiated price included an anticipated profit
7 to Boeing of 13.8%. The contract was expected to take
8 approximately four years to complete, with performance lasting
9 through at least mid-2002.

10 13. Boeing's certified cost proposal estimated that the 53
11 TDS kits would require approximately 132,996 fabrication and
12 assembly direct labor hours to manufacture. Boeing later revised
13 these numbers upwards to approximately 139,059 fabrication and
14 assembly direct labor hours for 57 TDS kits.

15 **C. Boeing's Make-Buy Scheme**

16 14. Pursuant to the Truth in Negotiations Act, 10 U.S.C.
17 Section 2306a ("TINA"), and the Federal Acquisition Regulation
18 ("FAR"), 48 C.F.R. Section 15.403-5, Boeing was required to submit
19 to the Air Force with its contract proposal certified cost or
20 pricing data for use in negotiations for the TDS Lots 1-3 Contract.
21 The cost or pricing data Boeing submitted to the Air Force
22 consisted of a variety of written material, including a
23 manufacturing plan. In that plan, Boeing represented that it would
24 manufacture the TDS kits at a Boeing facility in Palmdale,
25 California called the Palmdale Manufacturing Center, also known as
26 Palmdale Site 9. Palmdale Site 9 contained machinery and equipment
27 that Boeing historically had used to make machined parts on a
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1 variety of CMUP contracts. Boeing's proposal represented that it
2 would perform the manufacturing work, including fabrication and
3 assembly, required to make approximately 50 of these types of
4 parts, at Palmdale Site 9. Each of these parts was identified by a
5 separate part number, and collectively they are hereinafter
6 referred to as the "Make Parts".

7 15. Boeing's representation in its proposal that it would
8 manufacture the Make Parts at Site 9 was false. In truth,
9 unbeknownst to the Air Force team that negotiated the Lots 1-3
10 Contract, Boeing intended to close Site 9 before the TDS Project
11 was completed, to purchase components of the Make Parts, from
12 suppliers and to offload to subcontractors many of the
13 manufacturing steps required to build the Make Parts, at a
14 significant cost savings. Boeing therefore knew that the
15 fabrication and assembly direct labor hours it proposed (initially
16 132,996, later 139,059), and the estimated costs of those labor
17 hours set forth in the proposal, were inflated and false.

18 16. Les Lackman, the Vice President of Boeing's North
19 American Aircraft Division and General Manager of Boeing's Seal
20 Beach, Palmdale and Anaheim sites, had proposed to Boeing
21 management in the Fall of 1997 to close Palmdale Site 9 by early
22 1999. This decision, ratified by Boeing's management, was formally
23 and publicly announced on March 20, 1998, as part of a corporate-
24 wide restructuring plan, roughly two months before agreement was
25 reached on the price of the TDS Lots 1-3 Contract. The closure was
26 consistent with another strategic decision that Boeing's corporate
27 office also publicly announced in March 1998 -- to cease engaging
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1 in the fabrication of "sheet metal parts" and "small, non-strategic
2 machine parts," which are the type of parts that comprise the Make
3 Parts, and instead to purchase these parts from suppliers and
4 subcontractors.

5 17. As planned, Palmdale Site 9 was substantially closed by
6 early 1999, with more than three years remaining on the TDS Lots 1-
7 3 Contract. By that time, as also planned, Boeing largely had
8 ceased its fabrication of sheet metal and non-strategic machined
9 parts. Boeing ended up performing very little fabrication work on
10 the 50 Make Parts; rather, five parts were not needed, and most of
11 the fabrication work on the other 45 parts was performed by
12 suppliers and subcontractors in accordance with Boeing's March 1998
13 strategic plan, at a substantial cost savings. Rather than the
14 negotiated 139,059 fabrication and assembly direct labor hours,
15 Boeing incurred only 42,975 fabrication and assembly direct labor
16 hours on the TDS Lots 1-3 Contract. The primary reason for the
17 difference between the number of negotiated labor hours and the
18 number of actually incurred labor hours, and the resulting cost
19 savings, is that most of the fabrication work on the Make Parts was
20 performed by suppliers and subcontractors rather than by Boeing.
21 Largely because of this substantial cost savings, Boeing's actual
22 profit turned out to be 45%, not the 13.8% that the Government and
23 Boeing had negotiated.

24 18. As set forth in more detail below, Boeing's negotiators
25 for the TDS Lots 1-3 Contract knew, or were reckless or
26 deliberately ignorant in failing to know, that Boeing's cost
27 estimates and the cost and pricing data in Boeing's proposal were
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1 false, in that (1) they overstated the amount of fabrication and
2 assembly direct labor hours, and consequently the costs associated
3 with those hours, that would be required to perform the contract,
4 and (2) the proposal falsely represented that Boeing intended to
5 perform the fabrication work on the Make Parts, rather than have it
6 performed by suppliers and subcontractors at a significant cost
7 savings.

8 19. The Government, including the Air Force, was not aware of
9 the falsity of Boeing's proposal, and relied on the truth of
10 Boeing's costs estimates and cost and pricing data, including the
11 estimated fabrication and assembly direct labor hours and costs, in
12 negotiating the price for the TDS Lots 1-3 Contract. If the
13 Government had known the true facts, it would not have entered into
14 the TDS Lots 1-3 Contract with Boeing, and instead would have
15 insisted on a lower priced contract for Boeing's services.

16 **D. Boeing's Failure to Disclose LRIP Cost Data**

17 20. In addition to including inflated direct labor hours
18 estimates in its cost proposal for the TDS Lots 1-3 Contract,
19 Boeing also failed to provide information regarding its recent
20 history of offloading to subcontractors on other contracts,
21 including subcontractors on the LRIP phase of the first TDS Project
22 contract (hereafter "LRIP"), manufacturing steps on parts that were
23 the same as, or almost identical to, the Make Parts, at a
24 significant cost savings.

25 21. Boeing's contract proposal for LRIP, dated June 16, 1997,
26 indicated that Boeing would make certain sheet metal and other
27 machined parts on LRIP. These parts (the "LRIP Parts") were the
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1 same as, or almost identical to, the 50 or so Make Parts Boeing
2 later proposed to manufacture in its proposal for the TDS Lots 1-3
3 Contract, as they were used to make the same decoy systems.
4 Notwithstanding the representations in its LRIP proposal, however,
5 Boeing soon thereafter began to offload many of the manufacturing
6 steps required to make LRIP Parts and components of LRIP Parts,
7 employing a cost-cutting approach it had used and continued to use
8 for similar parts on other CMUP contracts. Boeing accelerated the
9 offloading of LRIP Parts in early December 1997 to achieve
10 significant cost savings.

11 22. By May 12, 1998, the date on which Boeing signed the
12 Certificate of Cost or Pricing Data on the TDS Lots 1-3 Contract,
13 Boeing's effort on LRIP was substantially completed. As of that
14 date, Boeing had offloaded manufacturing steps on approximately 40
15 LRIP Parts and components, and as a result had incurred
16 significantly lower direct labor hours and costs than the estimates
17 contained in its LRIP proposal. Notwithstanding its possession of
18 this cost data, Boeing failed to disclose it in its proposal for
19 the TDS Lots 1-3 Contract.

20 **E. Boeing's False Proposal and Certification**

21 23. The Federal Acquisition Regulation ("FAR"), 48 C.F.R.
22 §15.401 (1998), defines cost or pricing data as, inter alia:

23 ". . . all facts that, as of the date of price agreement . . .
24 prudent buyers and sellers would reasonably expect to affect
25 price negotiations significantly Cost or pricing data
26 are more than historical accounting data; they are all the
27 facts that can be reasonably expected to contribute to the

1 soundness of estimates of future costs and to the validity of
2 determinations of costs already incurred. They also include
3 such factors as: . . . information on changes in production
4 methods . . .; data supporting projections of business
5 prospects and objectives and related operations costs; unit-
6 cost trends such as those associated with labor efficiency;
7 make-or-buy decisions; estimated resources to attain business
8 goals; and information on management decisions that could have
9 a significant bearing on costs."

10 See also the Truth in Negotiations Act ("TINA"), 10 U.S.C.
11 §2306a(h)(1).

12 24. The Certificate of Cost or Pricing Data ("Certificate")
13 that Boeing submitted to the Air Force on May 12, 1998, as required
14 by TINA and the regulations promulgated thereunder, 10 U.S.C. §
15 2306a(2) and 48 C.F.R. § 15.406-2, attested that the cost or
16 pricing data that Boeing submitted to the Air Force in connection
17 with the negotiations for the TDS Lots 1-3 Contract was "accurate,
18 complete and current." As a result of Boeing's failure to disclose
19 with its proposal either the incurred cost data for CMUP contracts
20 including LRIP, or its plan to have suppliers and subcontractors
21 perform much of the fabrication work on the Make Parts, as
22 described above, the cost or pricing data that Boeing submitted
23 with its proposal for the TDS Lots 1-3 Contract was not accurate,
24 complete and current. As a consequence, the Certificate and
25 proposal were false.

26 25. The Government, including the Air Force, did not possess
27 the cost data that showed the significant cost savings Boeing had
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1 achieved on LRIP by offloading manufacturing steps on LRIP Parts
2 and components, and was not otherwise aware of those cost savings
3 when the TDS Lots 1-3 Contract was negotiated. If the Air Force
4 had been aware of that cost data, it would not have entered into
5 the TDS Lots 1-3 Contract, and instead would have insisted on
6 paying a lower price for Boeing's services.

7 26. As discussed in more detail below, Boeing negotiators
8 knew, or were reckless or deliberately ignorant in failing to know,
9 that Boeing's cost proposal was inflated and false, and that
10 Boeing's certification that Boeing had supplied accurate, complete
11 and current cost or pricing data was also false.

12 **F. Negotiations for the TDS Lots 1-3 Contract**

13 27. In connection with the negotiations for the TDS Lots 1-3
14 Contract, Boeing and Air Force negotiators met several times from
15 February through May of 1998 for fact-finding. During these
16 meetings the Air Force sought explanations of, among other things,
17 the basis for Boeing's cost estimates on the TDS Lots 1-3 Contract,
18 and details regarding Boeing's supposed plan to manufacture the 50
19 Make Parts for each kit at Site 9. At these meetings, Air Force
20 Pricer John Hosek specifically asked Boeing for information
21 regarding the actual costs that Boeing had incurred in performing
22 LRIP. Boeing failed to supply the Government with the information
23 Mr. Hosek had requested.

24 28. By April 22, 1998, at the latest, Boeing's management
25 knew, or was reckless in failing to know, that the proposal for the
26 TDS Lots 1-3 Contract was false. Boeing employees involved in the
27 negotiations for the contract knew that the company had been
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1 offloading on other CMUP contracts, including LRIP, costly
2 manufacturing steps on parts that were the same as, or nearly
3 identical to, the Make Parts, at a significant cost savings, and
4 that Boeing's proposal failed to disclose this fact and the data
5 that demonstrated it. Boeing employees involved in the
6 negotiations also knew that, although Boeing's proposal for the TDS
7 Lots 1-3 Contract contained assertions that Boeing would
8 manufacture the Make Parts at Palmdale Site 9, and was priced
9 accordingly, Boeing actually intended to close Site 9 at the end of
10 the year, and Boeing's strategic plan called for discontinuation of
11 the in-house fabrication of parts like the Make Parts.

12 29. Some of these Boeing employees discussed their concerns
13 with each other and with Boeing management. For example, Gary
14 Fujikawa was the Boeing pricer assigned to the TDS Lots 1-3
15 Contract and the individual that signed the Certificate of Cost or
16 Pricing Data. At the urging of Mr. Fujikawa, on April 22, 1998, a
17 memo authored by Boeing Material Pricer Eric Weisman entitled
18 "Manufacture vs Purchase of Machined Parts" was circulated to
19 various members of Boeing management. That memo recounted internal
20 concerns regarding the proposal:

21 "It appears inaccurate to present the estimates [in the
22 TDS production proposal] as based on actual hours when in
23 fact the parts are being fabricated at vendors If
24 we plan to perform these activities at Palmdale then we
25 would also have to disclose the costs of the LRIP
26 [offloading] activity as this is current cost and pricing
27 data."

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1 30. Boeing's management discussed these concerns and decided
2 that Boeing's Director of Material, Kit Bell, should send Jim
3 Pruett, Boeing's cost account manager for B-1 TDS production, an e-
4 mail to admonish him that he "can't propose parts that we intend to
5 buy as make." On April 27, 1998, Mr. Bell sent Mr. Pruett an e-
6 mail, but instead of the suggested statement, he asked Pruett to
7 review lists of parts and respond to the following:

8 "2. Even though these parts are on the 'make' list, you
9 may off-load through Purchased Labor some or all of the
10 work content on these items."

11 ("Purchased labor" is an accounting classification that Boeing used
12 for costs associated with the purchase of services from suppliers
13 and subcontractors.) Later that day Bell sent a follow-up e-mail
14 to Pruett, asking Pruett to

15 "identify any parts on the lists that we are not 'Capable' of
16 making based on current resources/capabilities. These items
17 (if any) should not be proposed as Make items and should be
18 proposed as Buy/Purchased Parts."

19 Pruett responded:

20 "We can build all the parts that we have bid (or we would not
21 have bid it) . . . and purchase labor off-load is a tool we
22 use to meet schedule, budget, and unforeseen circumstances."

23 Notably, the focus of these e-mails is on whether Boeing had the
24 current capability to manufacture the Make Parts -- not on whether
25 Boeing actually intended to make them.

26 31. When Mr. Fujikawa signed the Certificate of Cost or
27 Pricing Data on May 12, 1998, he knew about the internal concerns
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1 regarding the accuracy of the TDS Lot 1-3 Contract proposal and he
2 understood that the information at issue constituted cost or
3 pricing data to which the Government was entitled. On May 11, 1998
4 - the day before he signed the Certificate - he authored a memo to
5 file, entitled "cover my ass file." Mr. Fujikawa's memo discusses
6 "the latest configuration change." The memo confirms that Boeing
7 executives Jim Walcher and Dick Pasco had told Fujikawa that the
8 proposal for the TDS Lots 1-3 Contract would not be revised.
9 Fujikawa had asked Mr. Pasco, Boeing's Program Manager for LRIP,
10 about the "configuration change;" Pasco had confirmed that there
11 was a "configuration change," but nevertheless told Fujikawa that
12 the change "does not impact the agreed to labor hours." Mr.
13 Fujikawa was puzzled by Pasco's response, because he (Mr. Fujikawa)
14 did not understand how the offloading of Make Parts would not
15 impact proposed labor hours. Notwithstanding his doubt about the
16 accuracy of Boeing's proposal, Fujikawa signed and submitted the
17 Certificate of Cost or Pricing Data the day after he authored the
18 "cover my ass file" memo, without any disclosure of his concerns to
19 the Government.

20 32. Even after the TDS Lots 1-3 Contract was finalized and
21 the contract was in production, Boeing concealed from Air Force
22 negotiators the actual costs and labor hours that Boeing had
23 incurred on LRIP and on the TDS Lots 1-3 Contract. In
24 approximately March 2000, for example, Boeing and the Air Force
25 began negotiations for TDS Production Contract Lot 4. In
26 connection with those negotiations, Air Force Pricer John Hosek
27 continued to ask Boeing for the incurred cost data for LRIP and the
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1 TDS Lots 1 to 3 Contract, but Boeing still refused to provide it.
2 A Boeing document dated March 29, 2000 states: "Cost History -
3 Hosek will be fighting us to get us to provide him past data. NO
4 DETAIL MATERIAL \$ TO BE GIVEN TO HOSEK."

5 **G. Boeing's Fraudulent Inducement Of the Government's Exercise of**
6 **the Lot 3 Option**

7 33. Ultimately, by November 1999, as a result of the
8 Government's receipt of Boeing's progress payment requests on the
9 TDS Lots 1-3 Contract, which contained information regarding
10 Boeing's costs, the Government knew that Boeing was incurring costs
11 on the contract that were far lower and, therefore, was making
12 profits on the contract that were far higher, than the estimated
13 costs and profit contained in the TDS Lots 1-3 Contract. Moreover,
14 the Government knew by this time that part of the reason for these
15 lower costs and higher profits was Boeing's offloading of
16 manufacturing steps required to build the Make Parts.

17 34. Boeing, however, continued to mislead the Government as
18 to the cause of Boeing's supposedly unexpected high profits.
19 Boeing falsely represented to the Government that the lower-than-
20 estimated costs and higher-than-negotiated profits on the TDS Lots
21 1-3 Contract were the result of unforeseen events and practices that
22 Boeing had not anticipated at the time the price for the contract
23 was set in May 1998. As late as August 3, 1999, Boeing falsely
24 represented to the Air Force that Boeing's offloading activities
25 had resulted in "lower than expected" costs. Boeing thus continued
26 to conceal that, in truth, the outsized profit it had made on the
27 TDS Lots 1-3 Contract was the natural and expected result of the
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1 false and fraudulent cost or pricing data it had submitted to the
2 Government in May 1998, and that its undisclosed plan to offload
3 manufacturing steps on the Make Parts at a substantial cost
4 savings, in accordance with its practices on LRIP and other CMUP
5 contracts, had resulted in the negotiation of an excessively high
6 price for all three Lots of the TDS Lots 1-3 Contract.

7 35. On November 30, 1999, the Government elected to exercise
8 the option on Lot 3. At this point, due to Boeing's continuing
9 misrepresentations and concealment, as described above, Air Force
10 Contracting Officer Timothy Bateson had no reason to know that
11 Boeing's low costs and high profits on the TDS Lots 1-3 Contract
12 had resulted from anything other than business practices and events
13 that were unexpected and unforeseen by Boeing as of the date Boeing
14 certified its cost proposal for the TDS Lots 1-3 Contract. Mr.
15 Bateson understood that Boeing's plan to offload manufacturing
16 steps on the Make Parts had been put into place after May 1998,
17 that Boeing's low costs and resulting high profits had resulted
18 from legitimate and prudent business practices and plans, and that
19 the option price that had been set for Lot 3 preceded these plans.
20 He thus believed that the original negotiation process for the
21 option's price had been a fair one, in which the price had been set
22 based on accurate and complete cost or pricing data. Although Mr.
23 Bateson was concerned about Boeing's outsized profit on TDS Lots 1
24 and 2, he did not think that those profits were due to any
25 violations of law. Moreover, in connection with the Government's
26 decision to exercise the option on Lot 3, Boeing had informed Mr.

1 Bateson that its per-kit profit on Lot 3 would likely be lower than
2 the profit on Lots 1 and 2.

3 36. If he had known the true facts, however, Mr. Bateson
4 would not have chosen to have the Government exercise the option on
5 Lot 3. Instead, he would have caused the Government to issue a new
6 Request For Proposal ("RFP") for Lot 3 to negotiate a new, fair
7 price.

8 **H. Boeing's False Claims and False Statements**

9 37. Boeing fraudulently induced the Air Force to enter into
10 the TDS Lot 1-3 Contract by:

11 (1) submitting a proposal that

12 (a) contained inflated and false estimates of fabrication
13 and assembly direct labor hours and the costs associated
14 with those hours,

15 (b) falsely represented that Boeing intended to perform
16 fabrication work on the Make Parts that Boeing did not
17 intend to perform, and

18 (c) failed to disclose that Boeing had been offloading to
19 subcontractors and suppliers on other CMUP contracts,
20 including LRIP, many of the manufacturing steps required
21 to build parts that were the same as, or nearly identical
22 to, the Make Parts, at a much lower price than the price
23 set forth in Boeing's proposal.

24 (2) submitting a Certificate of Cost and Pricing Data that
25 falsely stated that the cost and pricing data Boeing submitted
26 in connection with its proposal was accurate, complete and
27 current.

1 38. Boeing also fraudulently induced the Air Force to
2 exercise the option on Lot 3 of the TDS Lot 1-3 Contract by (1)
3 falsely representing in a letter from W.A. James of Boeing to Air
4 Force Contracting Officer Timothy Bateson, dated August 3, 1999,
5 that the costs incurred on Lots 1 and 2 had been "lower than
6 expected;" and (2) by concealing and failing to disclose that (a)
7 in truth, Boeing had anticipated these lower costs at the time
8 Boeing had submitted its false proposal for the TDS Lots 1-3
9 Contract and that (b) Boeing's outsized profit had resulted from
10 deceitful price negotiations rather than prudent business practices
11 and unforeseen events after the negotiations had concluded.

12 39. By virtue of the false and fraudulent representations and
13 omissions described above, the invoices and progress payment
14 requests that Boeing submitted to the Government to obtain payment
15 for its services under the TDS Lot 1-3 Contract were inflated,
16 false, and fraudulent. Boeing's false and fraudulent statements as
17 alleged herein were material, and the Government would not have
18 paid Boeing's inflated, false and fraudulent invoices and progress
19 payment requests if the Government had known the true facts.

20 40. Attachment A identifies 140 false and fraudulent invoices
21 and requests for progress payments that Boeing submitted to the
22 Government for work on the TDS Lots 1-3 Contract. These invoices
23 and requests for progress payments constitute false claims under
24 the False Claims Act, 31 U.S.C. § 3729 et seq. ("FCA"). Attachment
25 A sets forth, for each such false claim, the date the claim was
26 received by the Government; the date the Government paid it; the
27 amount of the payment; and the claim type, which specifies the
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1 progress payment request, invoice, delivery order, or other demand
2 for payment to which the payment pertains. The United States paid
3 the claims itemized in Attachment A by electronic funds transfer.

4 41. Boeing's contract proposal and Certificate of Cost or
5 Pricing Data constitute false statements to get false claims paid
6 within the meaning of the FCA.

7 42. On May 20, 2004, in return for forbearance from suit,
8 Boeing waived any statute of limitations defense that might apply
9 to the claims alleged herein.

10 **FIRST CLAIM FOR RELIEF**

11 [False Claims Act--Presenting False or Fraudulent Claims to the
12 United States, 31 U.S.C. § 3729(a)(1)]

13 43. Plaintiff incorporates the allegations contained in
14 paragraphs 1 through 42 above.

15 44. Boeing presented to the United States for payment or
16 approval the false or fraudulent claims described in paragraph 40
17 above, with knowledge they were false, and/or with deliberate
18 ignorance of their truth or falsity, and/or with reckless disregard
19 for their truth or falsity.

20 45. Plaintiff United States has sustained damages as a result
21 of Boeing's false claims in an amount to be determined at trial.

22 **SECOND CLAIM FOR RELIEF**

23 [False Claims Act--Making or Using a False Record or Statement to
24 Get a False or Fraudulent Claim Paid or Approved, 31 U.S.C.
§ 3729(a)(2)]

25 46. Plaintiff incorporates the allegations contained in
26 paragraphs 1 through 42 above.

1 47. Boeing made, used, or caused to be made or used, the
2 false records and statements described in paragraph 24, 37 and 38
3 above to get the false and fraudulent claims for payment described
4 in paragraph 40 above paid or approved by an officer, employee, or
5 member of the Armed Forces of the United States, with knowledge
6 they were false, and/or with deliberate ignorance of their truth or
7 falsity, and/or with reckless disregard for their truth or falsity.

8 48. Plaintiff United States has sustained damages as a result
9 of Boeing's false claims, records and statements in an amount to be
10 determined at trial.

11 THIRD CLAIM FOR RELIEF

12 [Conversion]

13 49. Plaintiff incorporates by reference herein the
14 allegations made above in paragraphs 1 to 42 above.

15 50. The United States has a right to possess the funds that
16 Boeing received as a result of its inflated and false contract
17 proposal and Boeing's failure to provide all of the cost or pricing
18 information in its possession.

19 51. Boeing obtained those funds through the wrongful acts
20 described above.

21 52. As a result of Boeing's wrongful conversion, the United
22 States has sustained damages in an amount to be determined.

23 53. Boeing's conduct was willful, malicious, and in conscious
24 disregard of plaintiff's rights. Plaintiff, therefore, is entitled
25 to recover punitive damages in an amount sufficient to deter
26 similar conduct in the future.

PRAYER

WHEREFORE, plaintiff United States prays for judgment against defendant The Boeing Company as follows:

A. On the First Claim for Relief, treble the amount of actual damages sustained by the United States, plus such civil penalties as are allowable by law;


B. On the Second Claim for Relief, treble the amount of actual damages sustained by the United States, plus such civil penalties as are allowable by law;

C. On the Third Claim for Relief, the money that Boeing wrongfully converted from the United States, plus interest thereon at the legal rate, and punitive damages sufficient to deter similar conduct in the future;

D. All other relief this Court deems just and proper, including post-judgment interest, attorneys' fees and litigation fees as appropriate, and costs of this action.

DATED: September 2, 2008

Respectfully submitted,
THOMAS P. O'BRIEN
United States Attorney
LEON W. WEIDMAN
Assistant United States Attorney
Chief, Civil Division
GARY PLESSMAN
Assistant United States Attorney
Chief, Civil Fraud Section

By: 
LISA A. PALOMBO
Assistant United States Attorney


Attorneys for Plaintiff
United States of America

DEMAND FOR JURY TRIAL

Plaintiff United States of America hereby demands a trial by jury.

DATED: September 2, 2008

Respectfully submitted,
THOMAS P. O'BRIEN
United States Attorney
LEON W. WEIDMAN
Assistant United States Attorney
Chief, Civil Division
GARY PLESSMAN
Assistant United States Attorney
Chief, Civil Fraud Section

By: 
LISA A. PALOMBO
Assistant United States Attorney

Attorneys for Plaintiff
United States of America

ATTACHMENT A

Attachment A
Contract F33657-98-C-2000
Towed Decoy System
Source: Defense Finance and Accounting Service
1998-2002

Claim	Date Claim Received	Date Claim Paid	Amount of Payment	Claim Type
1	8/12/1998	09/08/98	\$121,790.00	Progress Payment 01
2	9/4/1998	09/15/98	\$75,312.00	Progress Payment 02
3	10/8/1998	10/28/98	\$182,604.00	Progress Payment 03
4	11/4/1998	11/10/98	\$225,513.00	Progress Payment 04
5	12/3/1998	12/16/98	\$427,213.00	Progress Payment 05
6	1/25/1999	02/02/99	\$235,363.00	Progress Payment 06
7	1/19/1999			Delivery Order ECM0006
8	1/19/1999			Delivery Order ECM0008
9	1/19/1999			Delivery Order ECM0011
10	1/19/1999			Delivery Order ECM0012
11	1/19/1999	02/17/99	\$7,341.00	Delivery Order ECM0013
12	1/19/1999			Delivery Order ECM0009
13	1/19/1999	02/18/99	\$4,282.25	Delivery Order ECM0010
14	4/19/1999	04/27/99	\$972,115.00	Progress Payment 07
15	6/2/1999	06/29/99	\$839,269.00	Progress Payment 08
16	7/1/1999	07/14/99	\$469,563.00	Progress Payment 09
17	7/14/1999			Delivery Order CAR0001
18	7/14/1999			Delivery Order CAR0005
19	7/14/1999			Delivery Order CAR 0006
20	7/14/1999			Delivery Order CAR 0007
21	7/14/1999	08/05/99	\$649,408.50	Delivery Order CAR 0008
22	7/29/1999	08/06/99	\$845,268.00	Progress Payment 10
23	7/21/1999	08/13/99	7,541.00	Contract Payment ACO2066
24	8/5/1999			Delivery Order CAR0009
25	8/5/1999	08/30/99	\$337,840.87	Delivery Order CAR0010
26	9/12/1999	09/23/99	\$742,994.00	Progress Payment 11
27	9/16/1999	10/12/99	\$181,087.25	Delivery Order CAR0011
28	10/1/1999	10/14/99	\$79,853.00	Progress Payment 12
29	10/15/1999	11/08/99	\$27,659.75	Contract Payment MOD2275
30	11/4/1999	11/19/99	\$659,300.00	Progress Payment 13
31	11/22/1999			Delivery Order CAR0015

Attachment A
Contract F33657-98-C-2000
Towed Decoy System
Source: Defense Finance and Accounting Service
1998-2002

Claim	Date Claim Received	Date Claim Paid	Amount of Payment	Claim Type
32	11/22/1999	11/30/99	\$362,174.50	Delivery Order CAR0016
33	12/7/1999	12/17/99	\$612,702.00	Progress Payment 14
34	12/20/1999	12/28/99	\$181,087.25	Delivery Order CAR0017
35	12/20/1999	01/12/00	\$181,087.25	Delivery Order CAR0018
36	2/22/2000	03/16/00	\$7,944.00	Delivery Order CAR0024
37	2/22/2000	03/27/00	\$639,736.00	Progress Payment 15
38	3/5/2000			Delivery Order CAR0025
39	3/6/2000			Delivery Order CAR0026
40	3/7/2000			Delivery Order CAR0028
41	3/8/2000			Delivery Order CAR0029
42	3/9/2000	03/28/00	\$39,720.00	Delivery Order CAR0030
43	2/16/2000	04/06/00	\$1,073,324.00	Progress Payment 16
44	4/9/2000	04/28/00	\$7,944.00	Delivery Order CAR0027
45	4/12/2000			Delivery Order CAR0022
46	4/12/2000			Delivery Order CAR0023
47	4/12/2000			Delivery Order RTC0001
48	4/12/2000	05/05/00	\$380,046.50	Delivery Order RTC0002
49	5/4/2000	06/08/00	\$1,606,088.00	Progress Payment 17
50	6/5/2000			Delivery Order BAT0006
51	6/5/2000			Delivery Order BAT0007
52	6/5/2000			Delivery Order BAT0008
53	6/5/2000			Delivery Order BAT0009
54	6/5/2000			Delivery Order CAR0013
55	6/5/2000			Delivery Order CAR0014
56	6/5/2000			Delivery Order CAR0019
57	6/5/2000	06/28/00	\$12,925.00	Delivery Order CAR0034
58	6/12/2000	06/30/00	\$743,614.00	Progress Payment 18
59	6/19/2000			Delivery Order BAT0001
60	6/19/2000			Delivery Order BAT0002
61	6/19/2000			Delivery Order BAT0003
62	6/19/2000			Delivery Order BAT0004

Attachment A
Contract F33657-98-C-2000
Towed Decoy System
Source: Defense Finance and Accounting Service
1998-2002

Claim	Date Claim Received	Date Claim Paid	Amount of Payment	Claim Type
63	6/19/2000			Delivery Order BAT0005
64	6/19/2000			Delivery Order CAR0021
65	6/19/2000	07/12/00	\$8,612.75	Delivery Order CAR0022
66	6/20/2000			Delivery Order RTC0002
67	6/20/2000			Delivery Order RTC0003
68	6/20/2000			Delivery Order RTC0004
69	6/20/2000			Delivery Order RTC0005
70	6/20/2000			Delivery Order RTC0006
71	6/20/2000			Delivery Order SCB0001
72	6/20/2000	07/13/00	\$62,140.00	Delivery Order SCB0002
73	6/22/2000			Delivery Order CAR0002
74	6/22/2000			Delivery Order CAR0003
75	7/12/2000	07/17/00	\$539,113.00	Progress Payment 19
76	8/17/2000	08/22/00	\$529,093.00	Progress Payment 20
77	9/11/2000	09/14/00	\$799,441.00	Progress Payment 21
78	9/12/2000			Delivery Order CAR0012
79	9/12/2000	10/05/00	\$6,695.00	Delivery Order CAR0031
80	9/15/2000			Delivery Order CAR0040
81	9/15/2000			Delivery Order CAR0041
82	9/15/2000	10/10/00	\$301,187.50	Delivery Order CAR0042
83	9/22/2000	10/16/00	\$301,187.50	Delivery Order CAR0033
84	9/22/2000			Delivery Order CAR0038
85	9/22/2000	10/17/00	\$1,206,062.50	Progress Payment 22
86	9/25/2000	10/18/00	\$3,393.75	Delivery Order CAR0004
87	10/10/2000	11/02/00	\$282,283.00	Delivery Order CAR0039
88	10/23/2000	11/15/00	\$301,188.25	Delivery Order CAR0043
89	11/8/2000	11/24/00	\$767,434.00	Progress Payment 23
90	11/14/2000	12/07/00	\$15,654.00	Contract Payment MODA023
91	11/22/2000	12/12/00	\$463,554.50	Delivery Order CAR0035
92	11/22/2000			Delivery Order CAR0036
93	11/22/2000			Delivery Order CAR0037

Attachment A
Contract F33657-98-C-2000
Towed Decoy System
Source: Defense Finance and Accounting Service
1998-2002

Claim	Date Claim Received	Date Claim Paid	Amount of Payment	Claim Type
94	12/11/2000	12/15/00	\$817,169.50	Progress Payment 24
95	1/10/2001	01/17/01	\$295,267.00	Progress Payment 25
96	12/21/2000	01/18/01	\$150,594.50	Delivery Order CAR0044
97	1/25/2001	02/20/01	\$242,913.00	Delivery Order CAR0046
98	2/6/2001	02/22/01	\$597,761.00	Progress Payment 26
99	3/9/2001	03/14/01	\$425,351.00	Progress Payment 27
100	4/10/2001	04/12/01	\$468,935.00	Progress Payment 28
101	4/19/2001	05/14/01	\$181,087.25	Delivery Order CAR0032
102	5/8/2001			Delivery Order CAR0051
103	5/8/2001	05/17/01	\$603,770.75	Delivery Order CAR0052
104	5/7/2001	05/21/01	\$321,742.00	Progress Payment 29
105	5/9/2001	05/22/01	\$435,743.89	Delivery Order CAR0045
106	5/8/2001	05/31/01	\$141,141.50	Delivery Order CAR0053
107	6/6/2001	06/12/01	\$220,686.00	Progress Payment 30
108	6/5/2001	06/28/01	\$447,267.11	Delivery Order CAR0049
109	6/12/2001	07/05/01	\$358,932.88	Delivery Order CAR0057
110	7/16/2001	07/26/01	\$261,759.00	Progress Payment 31
111	7/11/2001			Delivery Order CAR0056
112	7/11/2001			Delivery Order CAR0059
113	7/11/2001			Delivery Order CAR0060
114	7/11/2001			Delivery Order CAR0050
115	7/11/2001			Delivery Order CAR0054
116	7/11/2001	08/03/01	\$2,827,830.00	Delivery Order CAR0055
117	7/12/2001	08/06/01	\$602,375.00	Delivery Order CAR0047
118	7/12/2001	08/07/01	\$423,766.94	Delivery Order CAR0048
119	8/17/2001	08/21/01	\$484,767.00	Progress Payment 32
120	8/6/2001	08/30/01	\$18,904.50	Contract Payment ADD0039
121	9/7/2001	09/11/01	\$72,564.00	Progress Payment 33
122	9/11/2001	09/20/01	\$171,339.48	Delivery Order CAR0062
123	9/11/2001	10/04/01	\$358,971.20	Delivery Order CAR0061
124	10/18/2001	10/22/01	\$54,495.00	Progress Payment 34

Attachment A
Contract F33657-98-C-2000
Towed Decoy System
Source: Defense Finance and Accounting Service
1998-2002

Claim	Date Claim Received	Date Claim Paid	Amount of Payment	Claim Type
125	10/4/2001			Delivery Order CAR0063
126	10/4/2001	10/27/01	\$1,129,132.00	Delivery Order CAR0064
127	11/5/2001	11/13/01	\$564,566.00	Delivery Order CAR0066
128	11/15/2001	11/19/01	\$177,528.00	Progress Payment 35
129	11/5/2001	11/28/01	\$510,071.00	Delivery Order CAR0065
130	1/9/2002	01/17/02	\$300,342.00	Progress Payment 36
131	1/21/2002	02/13/02	\$141,141.50	Delivery Order CAR0068
132	4/7/2002	04/19/02	\$564,566.00	Delivery Order CAR0076
133	4/17/2002			Delivery Order CAR0079
134	4/17/2002	04/25/02	\$1,129,132.00	Delivery Order CAR0080
135	4/7/2002	05/01/02	\$510,120.50	Delivery Order CAR0077
136	4/16/2002	05/09/02	\$105,570.00	Contract Payment ACO4475
137	4/17/2002	05/10/02	\$27,609.00	Delivery Order ECM0007
138	7/31/2002	08/23/02	\$1,250.00	Delivery Order ECM0014
139	8/7/2002			Delivery Order ADD0069
140	8/7/2002	09/09/02	\$1,129,132.00	Delivery Order ADD0070
			\$35,802,044.37	
			\$24,333.63	Final Contract Adjustment
			\$35,826,378.00	Total Payments

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge Dale S. Fischer and the assigned discovery Magistrate Judge is Margaret A. Nagle.

The case number on all documents filed with the Court should read as follows:

CV08- 5720 DSF (MANx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

=====

NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

☒ **Western Division**
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

☐ **Southern Division**
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

☐ **Eastern Division**
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.

COPY

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

UNITED STATES OF AMERICA,

PLAINTIFF(S)

v.

THE BOEING COMPANY,

DEFENDANT(S).

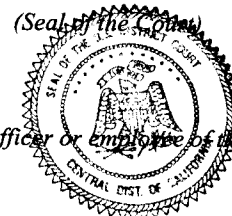
CASE NUMBER

CV08-05720 DSF (MANX)**SUMMONS**TO: DEFENDANT(S): THE BOEING COMPANY

A lawsuit has been filed against you.

Within 20 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached ☒ complaint ☐ _____ amended complaint ☐ counterclaim ☐ cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Lisa A. Palombo, AUSA, whose address is U.S. Attorney's Office, 300 N. Los Angeles St., Room 7516, Los Angeles, CA 90012. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

Dated: **SEP - 2 2008**By: **LA'REE HORN**
Deputy Clerk

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

1192

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

I (a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/>) UNITED STATES OF AMERICA	DEFENDANTS THE BOEING COMPANY
(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) THOMAS P. O'BRIEN, U.S. Attorney; LISA A. PALOMBO, AUSA 300 N. Los Angeles St., Room 7516, Federal Building Los Angeles, CA 90012; Phn: 213-894-4042; Fax: 213-894-2380	Attorneys (If Known) Glenn E. Monroe, Esq. PERKINS COIE 1620 26th Street, 6th Floor Santa Monica, CA 90404-4013; Phn: 310-788-3273; Fax: 310-788-3399

II. BASIS OF JURISDICTION (Place an X in one box only.) <input checked="" type="checkbox"/> 1 U.S. Government Plaintiff <input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%; border: none;"> <tr> <td style="width:40%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> <td style="width:30%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> </tr> <tr> <td>Citizen of This State</td> <td align="center"><input type="checkbox"/> 1</td> <td align="center"><input type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business in this State</td> <td align="center"><input type="checkbox"/> 4</td> <td align="center"><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td align="center"><input type="checkbox"/> 2</td> <td align="center"><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td align="center"><input type="checkbox"/> 5</td> <td align="center"><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td align="center"><input type="checkbox"/> 3</td> <td align="center"><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td align="center"><input type="checkbox"/> 6</td> <td align="center"><input type="checkbox"/> 6</td> </tr> </table>		PTF	DEF		PTF	DEF	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
	PTF	DEF		PTF	DEF																				
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4																				
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5																				
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				

IV. ORIGIN (Place an X in one box only.)
☒ 1 Original Proceeding ☐ 2 Removed from State Court ☐ 3 Remanded from Appellate Court ☐ 4 Reinstated or Reopened ☐ 5 Transferred from another district (specify): ☐ 6 Multi-District Litigation ☐ 7 Appeal to District Judge from Magistrate Judge

V. REQUESTED IN COMPLAINT: **JURY DEMAND:** ☒ Yes ☐ No (Check 'Yes' only if demanded in complaint.)
CLASS ACTION under F.R.C.P. 23: ☐ Yes ☒ No **MONEY DEMANDED IN COMPLAINT:** \$ 24.3 million

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)
 False Claims Act, 31 U.S.C. § 3929 et seq., presenting false claims to the United States

VII. NATURE OF SUIT (Place an X in one box only.)

OTHER STATUTES <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input checked="" type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	CONTRACT <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	TORTS PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	TORTS PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability BANKRUPTCY <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General Habeas Corpus <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition FORFEITURE / PENALTY <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety /Health <input type="checkbox"/> 690 Other	LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609
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CV08-05720

FOR OFFICE USE ONLY: Case Number: _____

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEETVIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? ☒ No ☐ Yes

If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? ☒ No ☐ Yes

If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) ☐ A. Arise from the same or closely related transactions, happenings, or events; or
☐ B. Call for determination of the same or substantially related or similar questions of law and fact; or
☐ C. For other reasons would entail substantial duplication of labor if heard by different judges; or
☐ D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

- (a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named plaintiff resides.
☒ Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country

- (b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH named defendant resides.
☐ Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

- (c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which EACH claim arose.

Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR PRO PER):

Dora Delonzo Date *Sept. 2, 2008*

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))